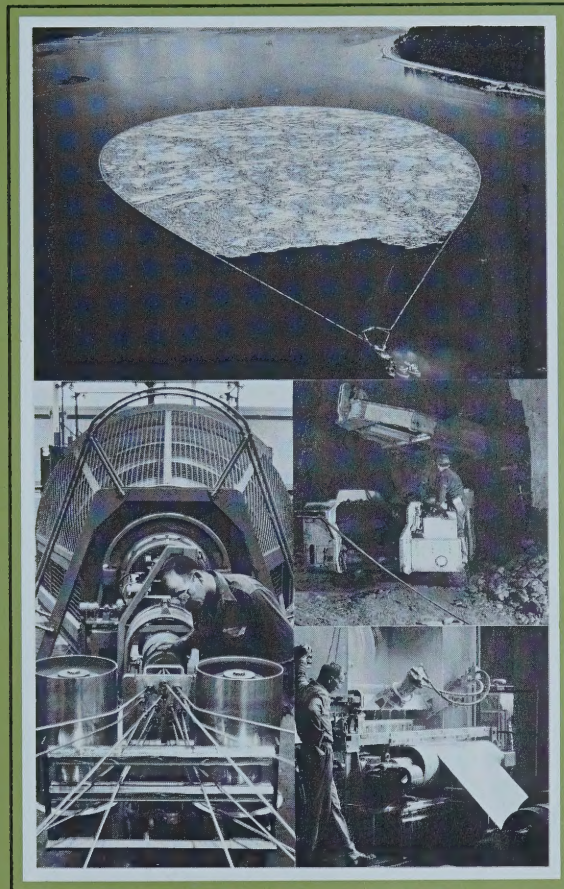




1969

Executive Officers

T. O. PETERSON
Chairman of the Board

C. E. ATCHISON
President

J. N. W. BUDD
Vice President

E. G. O. HOWARD
Secretary

R. H. JONES
Treasurer

INVESTMENT MANAGER
The Investors Group

DISTRIBUTOR
Investors Syndicate Limited

HEAD OFFICE
280 Broadway
Winnipeg 1, Manitoba



T. O. PETERSON
Winnipeg



C. E. ATCHISON
Winnipeg



COURTLAND ELLIOTT
Toronto



R. W. PURCELL
New York

Board of Directors

Annual Report for the year ended

September 30, 1969

Comparative Highlights

	<u>1969</u>	<u>1968</u>
Total Net Assets	\$105,612,554	\$ 94,199,490
Number of Shareholders . . .	28,309	21,165
Asset Value per Share	\$8.28	\$8.83
Dividend Declared \$	637,841	\$ 426,400
Dividend Per Share	\$.05	\$.04



PETER D. CURRY
Winnipeg



BERTHOLD MONGEAU
Montreal



FRANK H. SHERMAN
Hamilton



J. K. BRUMELL
Toronto

Report to the Shareholders



C. E. ATCHISON
President

On behalf of the Board of Directors I am pleased to advise that your fund has concluded a satisfactory year of operations.

The past year has been one of considerable unrest, both in terms of the international market place and in terms of the North American Stock market. It is, therefore, with considerable pride that I acknowledge the solid performance of your fund's management during this period. Despite a marked decline in leading stock market indices your fund has enjoyed an increase in number of shareholders participating and in total assets managed.

Assets under management increased by \$11,413,064 during the year from \$94,199,490 to \$105,612,554. The number of shareholders also showed a satisfactory increase of 33.8%. At the time of my last annual report your fund had 21,165 shareholders and these have grown to 28,309.

As the 1960's draw to a close it is encouraging to reflect on your fund's past performance and note how well the fund's primary objective of long term capital growth is being achieved. As short a time ago as at the end of fiscal 1965 the assets managed by your fund amounted to some \$15,000,000. Since then a growing number of Canadians have chosen to participate and your fund has grown in 4 years by some 584%. Further on in this report is a year-by-year table illustrating the share performance of your fund since its inception.

In seeking an investment with a broad economic base I believe your fund is fulfilling the needs of many Canadians who look for growth over the long term. The report on the following pages will provide sound answers for people wishing to participate in a widely diversified investment program with maximum safety.

While the immediate short term prospect indicates further monetary restraints, in order to establish a sounder base from which renewed fundamental growth may be anticipated, the very success of such measures is encouraging for the long term future of the fund. Your fund's investment managers will continue to be alert to the challenges and opportunities of the 70's.

Share Performance

Since the 1968 annual report was issued the stock market in the United States has generally trended downward. After climbing to 986.43 in November of last year, the Dow Jones Industrial Average declined to 813.09 at September 30, 1969. This was a drop of 17.6% and is equivalent to a 13.1% drop from the levels of the last fiscal year end. Virtually all of this decline has taken place in the last 6 months.

As pointed out in last year's report, some concern was evidenced with respect to the more speculative areas of the market. This concern proved to be well founded as many stocks having questionable fundamentals, lacking in solid balance sheet values or utilizing "creative" accounting have subsequently fallen from favor in rather dramatic fashion. Declines of 50% or more have not been uncommon in some speculative securities.

Against this volatile climate, in which your fund operated during the past fiscal year, investment results were very gratifying. The drop of 6.2% in net asset value was substantially less than the experience of many individual securities, as well as being considerably better than the Dow Jones Industrial Average.

The dividend per share was increased at the year-end from 4c to 5c per share, an increase of 25% in the dividend rate. These dividends are automatically reinvested in additional shares thus effectively increasing the rate of return to the shareholder. The aggregate dividend amount per share since the fund's inception in 1962 is now 44½c.

Profit from the sale of investments during the year amounted to \$10,035,259 compared with \$6,367,522 the preceding year.

The following table illustrates the year-by-year performance of a share in Investors International Mutual Fund since its inception.

	Asset Value	Dividend	Dividend Yield	Capital Gain	Total Gain
January 27, 1962	\$5.00	(Commencement of Fund)			
September 30, 1963	4.55	\$.07½	1.50%	(-) 9.00%	(-) 7.50%
September 30, 1964	5.11	.06	1.32	12.31	13.63
September 30, 1965	5.53	.07	1.37	8.22	9.59
September 30, 1966	5.15	.07½	1.36	(-) 6.87	(-) 5.51
September 30, 1967	7.53	.07½	1.46	46.21	47.67
September 30, 1968	8.83	.04	.53	17.26	17.79
September 30, 1969	8.28	.05	.57	(-) 6.23	(-) 5.66

The cumulative gain including compounded dividend return experienced by the fund since September 28, 1962 is equivalent to 11.826% average compound growth.

Portfolio Management

During the past year the stock market has again experienced periods of considerable turbulence. It has been a year which has seen a substantial dip in the leading stock market indices and a year which has once again proven the value of investing for the long term. Early in 1969 your fund adopted a somewhat cautious approach to the market. As a result your fund has carried a high portion of its assets in cash and commercial paper and placed considerably more stress on quality in selection of equities for the portfolio. This strategy was particularly successful in helping your fund achieve a performance that was much better than average.

At the end of fiscal 1969 your fund's buying reserves were some 15% of assets. This compares with less than 6½% twelve months earlier. With this high degree of liquidity your fund is in an excellent position to take full advantage of "good value" buying opportunities as they become available.

With an investment of some \$17 million, the Office Equipment and Supply sector represents the largest industry commitment in the portfolio. As it was in the 1960's, growth in this technologically based area should be exceptional in the coming decade.

One year ago the consumer-oriented Merchandising field was dominant in the portfolio. As investment objectives were achieved and as it became evident that retail spending in the United States was coming under some pressure, this area was de-emphasized.

While the Oil and Gas group is shown as being down modestly from a year ago, portfolio positions in this area had been considerably higher earlier this year. Some selling was undertaken particularly of convertible securities, while the market has corrected some of the excessive speculation surrounding the Alaskan North Slope lease sale.

Exposure in certain yield-sensitive securities has been increased through purchases in the Bank and Savings and Loan categories. Any easing in interest rate pressures should be beneficial to these stocks.

While immediate earnings prospects are uncertain, some of the more cyclical issues appear to have reached levels of extremely good value, both in statistical terms and in relation to product demand prospects in the future. Issues such as G.M., Chrysler and Caterpillar have accordingly been added to the portfolio.

The ever-increasing rapidity of economic changes demands continued supervision and the willingness to make changes in portfolio distribution in order to maximize investment potential. The management of your fund is cognizant of this requirement and, through its fully developed research capability is in a favored position to implement policies consistent with the objectives of the fund.

Economic Review and Outlook

In view of the dominance of United States securities in your fund's portfolio it is essential to take particular note of business and economic conditions in that country.

In last year's report reference was made to the probability of much tougher fiscal and monetary policies being adopted. As has been rather painfully evident, such policies were in fact implemented, and to a substantially more intense degree than was looked for a year ago.

These actions were, of course, aimed at combatting inflation. There is now very real evidence that success is being attained in slowing down business activity. Higher unemployment levels, less buoyant retail sales, and various other economic indicators are confirming the slowing pace of the economy. Another series of price hikes in a number of industries, the still large wage demands by labor and the very substantial capital spending intentions by industry (despite the record high cost of money and despite the immediate uncertain earnings outlook) are all causes for concern.

In view of these continuing inflationary forces it is unrealistic to hope for much in the way of a meaningful early easing in monetary conditions. Furthermore, some form of price, wage or credit controls could conceivably be instituted.

In any event, we appear to be entering a period in which corporate profits could generally be under some pressure. The few September quarter earnings reports which have been released at this writing suggests that this is already underway. It is important to note, however, that the stock market has already discounted much of the implications of a falling trend in corporation profits and that statistical measurements of common stock values have become quite attractive.

All in all we believe that a period of readjustment is to be regarded as constructive for the longer term potential of the American economy and stock market. Certainly, if any headway is made in the fight against inflation, a firm foundation will be laid for those strong underlying growth factors in the economy which may be expected to assert themselves during the 1970's.



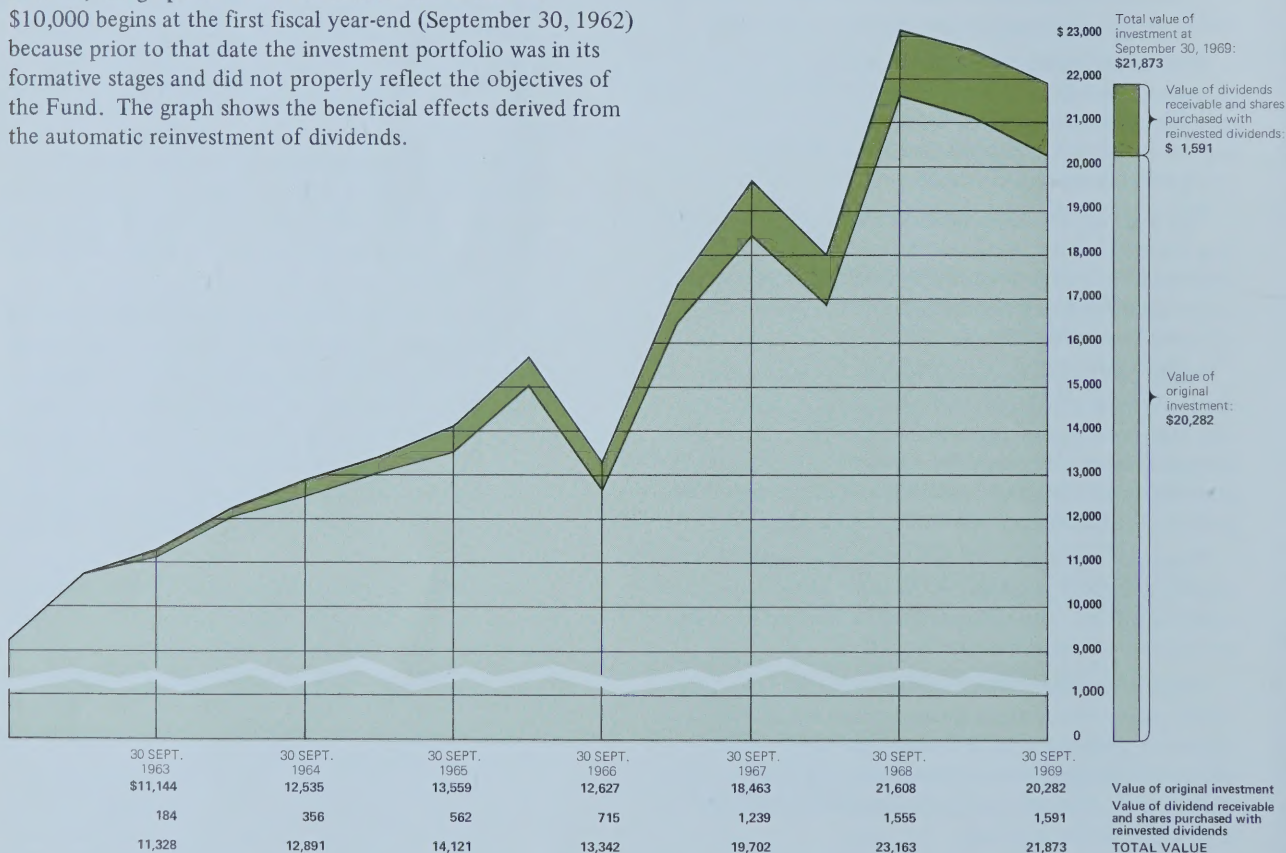
Achievement of Fund's Objectives

The main objective of Investors International Mutual Fund Ltd. is to produce growth of capital over the long term. The Fund's managers seek to achieve this objective by making available in one security an investment which is diversified, both geographically and by industry, with emphasis on common stocks which possess better-than-average growth prospects.

The graph on this page illustrates management's effectiveness in achieving this objective.

ILLUSTRATION OF A LUMP-SUM INVESTMENT

Although Investors International started operations early in 1962, this graph record of an assumed investment of \$10,000 begins at the first fiscal year-end (September 30, 1962) because prior to that date the investment portfolio was in its formative stages and did not properly reflect the objectives of the Fund. The graph shows the beneficial effects derived from the automatic reinvestment of dividends.



Record of Continuous Investment Program

\$1000 Initial Investment - \$100 per month

Investors International shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed investment of \$1,000 on September 30, 1962, and subsequent investments of \$100 per month with dividends reinvested in shares.

Valuation of Account at September 30, 1969

Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares
1962	\$1,200	\$ nil	289.797	289.797
1963	1,200	35.66	253.533	543.330
1964	1,200	42.66	229.820	773.150
1965	1,200	64.99	215.418	988.568
1966	1,200	84.68	208.886	1,197.454
1967	1,200	99.05	173.504	1,370.958
1968	1,200	59.17	145.824	1,516.782
1969	900	—	96.482	1,613.264

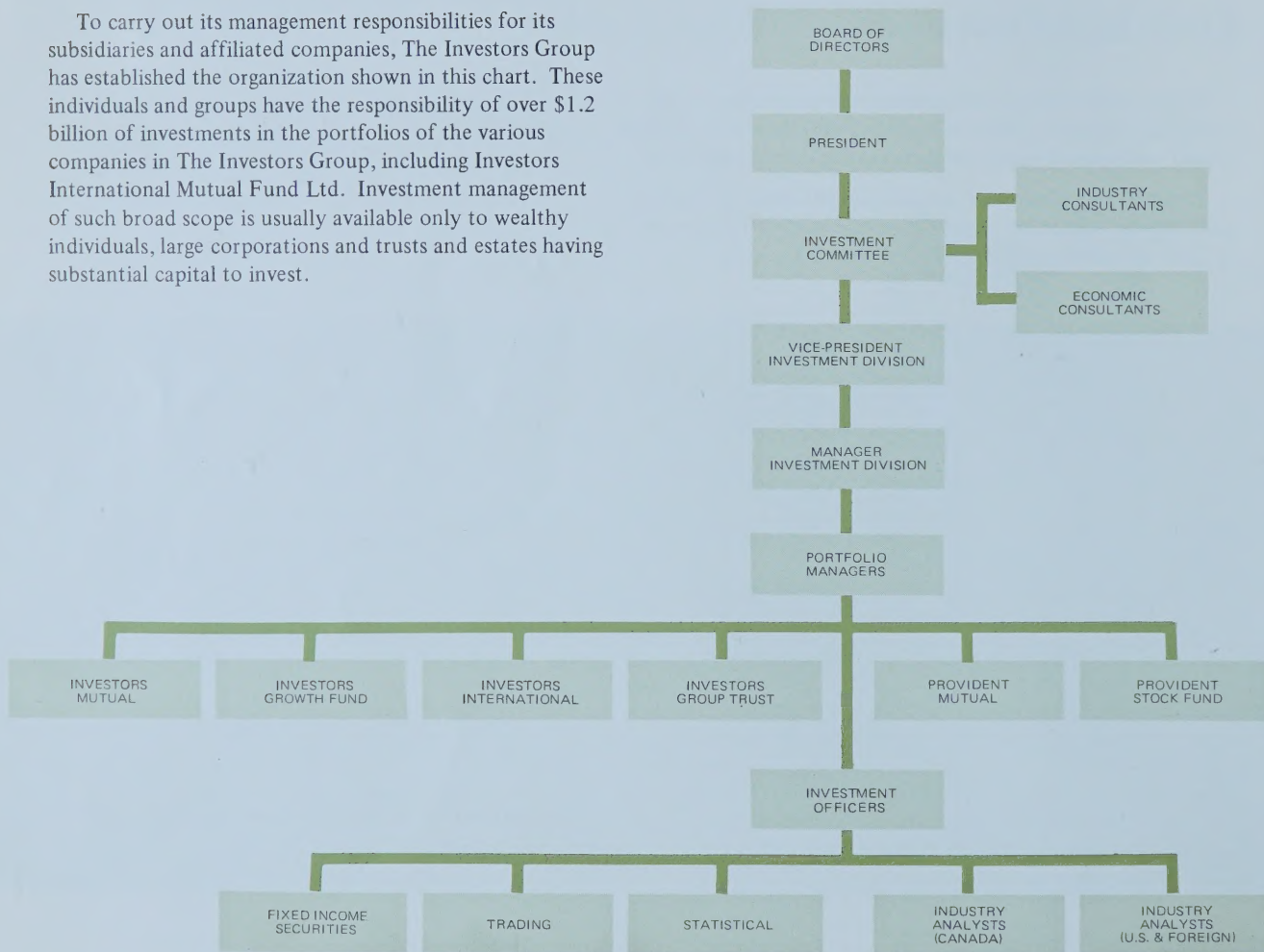
Redemption Value (1,613.264 shares x \$8.275)	\$13,349.76
Dividend Receivable	80.66
	<u>\$13,430.42</u>
Original Investment	\$1,000.00
Monthly Purchases	<u>8,300.00</u>
	9,300.00
Total Net Gain	\$ 4,130.42
Dividends Reinvested and Receivable	<u>466.87</u>
Capital Gain in 83-month period	<u>\$ 3,663.55</u>

Dollar cost averaging the Invest-A-Chek Way

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be particularly profitable to shareholders. A booklet dealing with the subject is available from the Company. A convenient system of periodic investment, known as Invest-a-chek, has been developed especially to assist those of our clients who wish to dollar-cost average their share purchases.

Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of over \$1.2 billion of investments in the portfolios of the various companies in The Investors Group, including Investors International Mutual Fund Ltd. Investment management of such broad scope is usually available only to wealthy individuals, large corporations and trusts and estates having substantial capital to invest.



Services and Benefits to Shareholders

Shareholders of Investors International Mutual Fund have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to emphasize the development of such services, to meet the needs and convenience of the clients whom it serves. Among the benefits and services extended to you as a shareholder are the following:

FREE REINVESTMENT OF DIVIDENDS

Dividends from investment income are automatically reinvested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an extra growth factor.

REDUCED SALES CHARGE

The purchase amounts of all your investments in mutual funds distributed by Investors Syndicate Limited are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objectives change, you may transfer without charge all or part of your account to shares of one of the other mutual funds distributed by Investors Syndicate Limited. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into the guaranteed Single Payment Annuity Certificates of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unproductive balance.

INCOME TAX ADVANTAGES

Shareholders residing in Canada who receive dividends from Investors International Mutual Fund are entitled to an income tax credit of 20% of the amount of dividends received, in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable. Dividends received by Canadian corporations from Investors International Mutual Fund are tax-free. A further tax benefit is the fact that realized capital gains are not taxed in Canada. The foregoing statement is in accordance with existing law at the time of printing.

PROMPT REDEMPTION

Your Company agrees to redeem any portion or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request at the head office of the Company.

TAX-DEDUCTIBLE RETIREMENT PLANS

Shareholders of Investors International Mutual Fund may, within limits, purchase shares of the Fund and "register" them for income tax purposes as a Registered Retirement Savings Plan which is designed to build up an annuity fund or supplement existing pension plans. Full details of these retirement plan benefits may be obtained from the Company's head office or its representatives.

SYSTEMATIC SHARE PURCHASE PLANS

Amounts as low as \$15 per month may be invested in plans having ten, fifteen or twenty-year maturities. These plans provide a desirable method of accumulating money for specific purposes. Optional low-cost insurance may be purchased with these plans, to cover completion. Our new Invest-a-chek system makes regular share purchasing easy and convenient.

INVEST-A-CHEK SERVICE

As an added convenience to shareholders, the Invest-a-chek system has been introduced whereby the shareholder purchases shares in the Fund by pre-authorized cheques on his or her bank account. This system is particularly helpful to clients who purchase shares on a regular, systematic basis, and thus wish to benefit from dollar-cost averaging of investments.

INCOME WITHDRAWAL PLAN

Monthly or quarterly, shareholders may redeem a sufficient number of shares at asset value to provide the dollar amount required. Annual withdrawals of 6-8% of the value of the account are most popular. Complete information on income withdrawal plans may be obtained from the company or its representatives.

REGULAR REPORTS

You will receive annual, semi-annual and quarterly reports, to keep you informed of Fund activities and general economic conditions.

Balance Sheet

September 30, 1969

with comparative figures for 1968

Net Assets

	1969	1968
ASSETS:		
Investments, at market value in Canadian funds:		
United States corporation bonds	\$ 936,011	1,656,737
United States preferred stocks	6,097,413	4,077,845
Canadian common stocks	1,037,850	—
United States and other foreign common stocks	81,889,343	82,383,753
	<u>89,960,617</u>	<u>88,118,335</u>
 <i>The average cost of the investments as of September 30, 1969 was \$93,856,586. (1968 — \$75,055,493).</i>		
 Other assets:		
Cash on deposit and in transit	3,038,452	1,731,458
Demand notes	14,170,625	2,800,000
Accrued interest and dividends receivable	276,926	215,429
Due from brokers	2,838,120	2,668,684
	<u>20,324,123</u>	<u>7,415,571</u>
Total Assets	<u>110,284,740</u>	<u>95,533,906</u>
 LIABILITIES:		
Due to brokers	3,453,072	706,657
Dividend payable	637,841	426,400
Accounts payable and accrued expenses	100,738	107,628
Income taxes payable	480,535	93,731
Total Liabilities	<u>4,672,186</u>	<u>1,334,416</u>
	<u>\$105,612,554</u>	<u>94,199,490</u>

See accompanying notes to financial statements.

On behalf of the Board:

D. Peterson
Director

P. C. Atchison
Director

Shareholders' Equity

		1969	1968
Capital Stock:			
Common shares of the par value of \$1 each.			
Authorized and issued 1,000 shares	\$	1,000	1,000
Special shares of the par value of \$1 each (note 7).			
	Shares—1969	Shares—1968	
Authorized	20,000,000	20,000,000	
Redeemed	6,209,263	4,466,314	
	<u>13,790,737</u>	<u>15,533,686</u>	
Outstanding	<u>12,756,109</u>	<u>10,662,002</u>	
		<u>12,757,109</u>	<u>10,663,002</u>
Premium received on shares issued less premium paid on shares redeemed		75,659,886	59,526,775
Retained earnings		21,008,498	10,868,353
Unrealized appreciation (depreciation) of investments		(3,812,939)	13,141,360
		<u>\$105,612,554</u>	<u>94,199,490</u>

Auditors' Report to the Shareholders

We have examined the balance sheet of Investors International Mutual Fund Ltd. as of September 30, 1969 and the statements of income and retained earnings, unrealized appreciation (depreciation) of investments, premium on shares, changes in net assets and changes in investments for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including confirmation of the securities owned at September 30, 1969 by correspondence with the custodian.

In our opinion, these financial statements present fairly the financial position of the Company at September 30, 1969 and the results of its operations and the changes in net assets and investments for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Manitoba
October 30, 1969

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Statement of Income and Retained Earnings

Year Ended September 30, 1969
with comparative figures for 1968

	1969	1968
INCOME:		
Dividends	\$ 1,302,235	\$20,463
Interest	701,845	106,932
Proceeds of sale of stock subscription rights	6,407	-
	<u>2,010,487</u>	<u>927,395</u>
EXPENSES:		
Management fees	516,154	351,711
Custodian fees	8,480	5,247
Directors' fees	1,800	1,500
Audit fees	3,400	2,000
Printing, postage and stationery	19,741	4,576
Miscellaneous	2,209	854
	<u>551,784</u>	<u>365,988</u>
INCOME BEFORE INCOME TAXES	1,458,703	561,407
Income Taxes	<u>765,681</u>	<u>280,550</u>
Net income from investments (note 2)	695,022	280,857
Profit on sale of investments	<u>10,035,259</u>	<u>6,367,522</u>
NET INCOME INCLUDING PROFIT ON SALE OF INVESTMENTS	<u>\$10,730,281</u>	<u>6,648,379</u>
RETAINED EARNINGS:		
Balance, beginning of year	\$10,868,353	4,541,714
Add:		
Net income	10,730,281	6,648,379
Transfer from premium on shares	<u>47,705</u>	<u>104,660</u>
	21,646,339	11,294,753
Dividend declared	<u>637,841</u>	<u>426,400</u>
RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION, END OF YEAR	<u>\$21,008,498</u>	<u>10,868,353</u>

Statement of Unrealized Appreciation (Depreciation) of Investments

Year Ended September 30, 1969
with comparative figures for 1968

	1969	1968
Balance, beginning of year	\$ 13,141,360	5,849,616
Unrealized appreciation (depreciation) for the year	<u>(16,954,299)</u>	<u>7,291,744</u>
Balance, end of year	<u>\$ (3,812,939)</u>	<u>13,141,360</u>

See accompanying notes to financial statements.

Statement of Premium on Shares

	Year Ended September 30, 1969 with comparative figures for 1968	
	1969	1968
Balance, beginning of year	\$ 59,526,775	23,585,791
Add:		
Premium received on sale of Special shares	<u>31,782,389</u>	<u>47,306,964</u>
	<u>91,309,164</u>	<u>70,892,755</u>
Deduct:		
Premium paid on redemption of Special shares	13,469,364	9,600,900
Commission paid on sale of Special shares	2,132,209	1,660,420
Transfer to retained earnings to equalize the amount available for dividends in respect of Special shares sold and redeemed during year	<u>47,705</u>	<u>104,660</u>
	<u>15,649,278</u>	<u>11,365,980</u>
Balance, end of year	\$ <u>75,659,886</u>	<u>59,526,775</u>
Special shares sold in year	<u>3,837,056</u>	<u>6,861,364</u>
Special shares redeemed in year	<u>1,742,949</u>	<u>1,400,206</u>

Statement of Changes in Net Assets

	Year Ended September 30, 1969 with comparative figures for 1968	
	1969	1968
Net assets, beginning of year	\$ 94,199,490	39,178,965
Add:		
Net income from investments	695,022	280,857
Profit on sale of investments	10,035,259	6,367,522
Increase (decrease) in unrealized appreciation of investments	<u>(16,954,299)</u>	<u>7,291,744</u>
Proceeds of sale of Special shares less commissions paid	<u>33,487,236</u>	<u>52,507,908</u>
	<u>121,462,708</u>	<u>105,626,996</u>
Deduct:		
Payments on redemption of Special shares	15,212,313	11,001,106
Dividend declared from (note 3):		
Income from investments	591,451	280,140
Profit on sale of investments	-	41,600
Transfer from premium on shares	<u>46,390</u>	<u>104,660</u>
	<u>15,850,154</u>	<u>11,427,506</u>
Net assets, end of year (note 1)	\$ <u>105,612,554</u>	<u>94,199,490</u>
See accompanying notes to financial statements.		

Statement of Changes in Investments

	Year Ended September 30, 1969 with comparative figures for 1968	
	1969	1968
Investments at average cost, beginning of year	\$ 75,055,493	29,066,540
Add:		
Cost of investments purchased	<u>94,295,891</u>	<u>116,494,082</u>
	<u>169,351,384</u>	<u>145,560,622</u>
Deduct:		
Proceeds of investments sold	85,530,057	76,872,651
Less profit on sale of investments	<u>10,035,259</u>	<u>6,367,522</u>
	<u>75,494,798</u>	<u>70,505,129</u>
Investments at average cost, end of year	<u>\$ 93,856,586</u>	<u>75,055,493</u>

Notes to Financial Statements

	1969	1968
1. The net asset value per share at September 30	\$8.28	\$8.83
2. The average net investment income per share	<u>5.4c</u>	<u>2.6c</u>
3. The source of the dividend declared per share:		
Income from investments	4.6c	2.6c
Profit on sale of investments	—	.4
Transfer from premium on shares	<u>.4c</u>	<u>1.0</u>
Total dividend	<u>5.0c</u>	<u>4.0c</u>
4. The number of shares outstanding at the end of each fiscal year was used for the purpose of per share calculations.		
5. Demand notes are not considered to be portfolio investments and are therefore excluded from the statement of changes in investments.		
6. Foreign currency balances included in the financial statements have been expressed in Canadian dollars on the following basis:		
(a) Market value of investments, other assets and liabilities at the rate of exchange at the fiscal year end.		
(b) Purchases and sales of investments, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.		
7. The directors have enacted a by-law which, subject to shareholders approval, at the special general meeting, will authorize the application for supplementary letters patent to increase the authorized capital to 40,000,000 Special shares to be redesignated as Mutual Fund shares.		

Diversification of Assets

September 30, 1969



Investment in Securities

September 30, 1969

Common Stocks (78.52%)

AIR TRANSPORT (1.17%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
*Seaboard World Airlines Inc. <i>air freight</i>	60,000	1,229,400	11.64

AUTOMOBILE (2.98%)

*Chrysler Corporation <i>third largest auto maker</i>	30,000	1,172,790	11.11
*General Motors Corporation <i>largest auto maker</i>	25,000	1,978,250	18.73
		<u>3,151,040</u>	<u>29.84</u>

BANKS (2.81%)

*Bank of America Corp. <i>largest bank in U.S.</i>	10,000	688,850	6.52
*Chase Manhattan Corp. <i>largest bank in N. Y. City</i>	12,000	637,356	6.04
*Chemical New York Corp. <i>New York bank holding company</i>	10,000	621,440	5.88
*First National City Corp. <i>New York bank holding company</i>	15,000	1,023,165	9.69
		<u>2,970,811</u>	<u>28.13</u>

BUILDING MATERIAL AND SUPPLIES (1.37%)

*Boise Cascade Corporation <i>building materials & paper products</i>	17,500	1,273,895	12.06
*Redman Industries, Inc. <i>large factor in manufacturing of mobile homes</i>	3,600	171,310	1.63
		<u>1,445,205</u>	<u>13.69</u>

CHEMICAL AND TEXTILE (4.09%)

*Allied Chemical Corporation <i>basic chemicals, plastics and fibres</i>	55,000	1,586,640	15.02
*Nalco Chemical Company <i>pollution control chemicals & catalysts</i>	45,000	2,735,820	25.91
		<u>4,322,460</u>	<u>40.93</u>

DRUGS AND COSMETICS (1.26%)

*Avon Products, Inc. <i>cosmetics</i>	8,000	1,328,632	12.58
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ELECTRICAL AND ELECTRONICS (4.46%)

*Ampex Corporation <i>diversified electronics & computer-related products</i>	50,000	2,372,550	22.46
*The Magnavox Company <i>consumer electronics products</i>	25,000	1,115,500	10.56
*Veeco Instruments Inc. <i>vacuum products for electronics industry</i>	42,000	1,217,286	11.53
		<u>4,705,336</u>	<u>44.55</u>

FOOD FRANCHISING (2.71%)

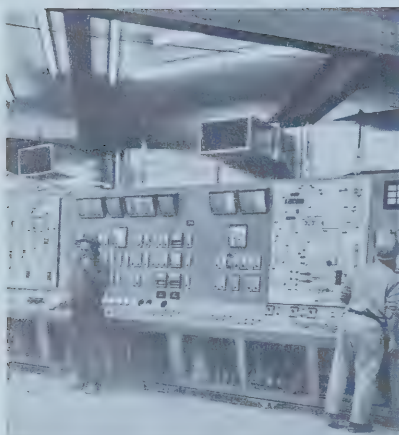
*Kentucky Fried Chicken Corp. <i>owns & franchises restaurants</i>	21,500	1,133,222	10.73
*McDonald's Corporation <i>drive-in restaurant franchisor</i>	50,000	1,732,200	16.40
		<u>2,865,422</u>	<u>27.13</u>

FOOD PRODUCTS (1.59%)

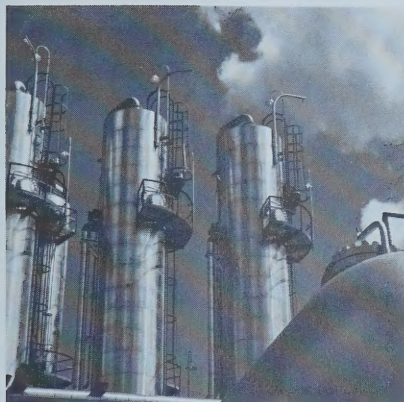
*American Brands, Inc. <i>tobacco and food products</i>	45,000	1,674,270	15.85
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INSURANCE (4.65%)

*The Continental Corporation <i>property & casualty insurer</i>	39,000	1,882,140	17.83
*INA Corporation <i>property & casualty insurer</i>	25,000	923,400	8.74
*Lincoln National Corporation <i>life insurance company</i>	12,000	990,000	9.37
*The St. Paul Companies, Inc. <i>property & casualty insurer</i>	24,000	1,119,408	10.60
		<u>4,914,948</u>	<u>46.54</u>



The latest in electronic equipment is used by several of the larger manufacturing companies.



Natural gas being processed to pipeline specifications.

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
MANUFACTURING (DURABLES) (1.12%)			
*Caterpillar Tractor Company <i>earthmoving & other machinery</i>	24,800	1,186,804	11.24
METAL MINING AND REFINING (1.54%)			
*American Smelting and Refining Company <i>non-ferrous metals producer</i>	54,000	1,623,294	15.37
MISCELLANEOUS (8.31%)			
*Alloys Unlimited, Inc. <i>products for the electronics industry</i>	40,000	992,160	9.39
*Benrus Corporation <i>high-quality watches</i>	20,000	674,020	6.38
*Litton Industries, Incorporated <i>diversified products and services</i>	25,625	1,288,476	12.20
*Minnesota Mining and Manufacturing Company <i>scotch tapes & miscellaneous high-technology products</i>	13,000	1,519,375	14.39
*Monogram Industries, Inc. <i>manufacturer of sanitation equipment & fasteners</i>	37,000	1,057,386	10.01
*National Patent Development Corporation <i>holds patents on hydrophilic acrylic polymers</i>	9,000	897,795	8.50
*Pennzoil United, Inc. <i>producer of oil & other resources</i>	40,000	1,385,760	13.12
*Rowan Drilling Company, Inc. <i>contract drilling: Alaskan helicopter operators</i>	25,000	963,850	9.13
		8,778,822	83.12
OFFICE EQUIPMENT AND SUPPLIES (16.14%)			
*Control Data Corporation <i>manufacturer of giant computers</i>	29,500	4,513,588	42.74
*Digital Equipment Corporation <i>manufacturer of small computers</i>	23,000	1,984,325	18.79
*Electronic Data Systems Corporation <i>computer facilities management</i>	5,000	703,680	6.66
*International Business Machines Corporation <i>world's largest concern in electronic data processing & related equipment</i>	7,000	2,606,310	24.68
*A. Kershaw & Sons Ltd. <i>participation in Rank Xerox</i>	10,000	679,410	6.43
*Lamson Industries Limited <i>U.K. affiliate of Moore Corp.</i>	395,000	715,345	6.77
*Mohawk Data Sciences Corp. <i>computer peripheral equipment</i>	8,300	638,876	6.05
*National Cash Register Company <i>cash registers, accounting machines, computers</i>	11,000	1,666,720	15.78
*The Rank Organisation Limited (Foreign Reg.) "A" ordinary non-voting 5% P.V. <i>diversified company with major interests in xerography in Europe and Japan.</i>	156,000	2,008,500	19.02
*The Rank Organisation Limited Ordinary Voting 5% P.V. <i>diversified company with major interests in xerography in Europe and Japan</i>	50,000	643,750	6.10
*Sycor, Inc. <i>computer terminal devices</i>	20,000	560,780	5.31
*The Telex Corporation <i>computer peripheral equipment</i>	5,000	318,810	3.02
		17,040,094	161.35
OIL AND GAS (6.50%)			
*Apco Oil Corporation <i>small oil company</i>	12,000	427,056	4.04
Asamera Oil Corporation, Ltd. <i>Indonesian oil exploration</i>	40,700	1,037,850	9.83
*Atlantic Richfield Company <i>integrated company with large Alaskan exposure</i>	15,000	1,625,730	15.39
*Austral Oil Company Incorporated <i>natural gas reserves being developed by underground nuclear fracturing</i>	1,500	35,993	.34
*The British Petroleum Company Limited <i>international oil company</i>	75,000	1,172,775	11.10
*General American Oil Company of Texas <i>small company with Alaskan exposure</i>	9,200	460,110	4.36
*Mesa Petroleum Co. <i>small company with uncommitted gas reserves</i>	15,000	549,990	5.21
*Standard Oil Company (Ohio) <i>major oil factor in Ohio</i>	15,000	1,554,960	14.72
		6,864,464	64.99



Long view of aluminum sheet going through hot roll mill.

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
OPTICAL AND PHOTOGRAPHIC (4.58%)			
*Bausch & Lomb Incorporated	20,000	1,423,520	13.48
optical goods			
*Berkey Photo, Inc.	70,000	1,415,400	13.40
photofinishing and photographic products			
*Cole National Corporation	15,500	605,941	5.74
eyeglass & consumer goods retailer			
*Polaroid Corporation	10,000	1,396,570	13.22
unique photographic products			
		<u>4,841,431</u>	<u>45.84</u>
PUBLISHING AND BROADCASTING (1.26%)			
*Columbia Broadcasting System, Inc.	28,000	1,328,628	12.58
T. V. radio network & stations, records, textbooks			
RETAIL (7.32%)			
*Melville Shoe Corporation	19,200	1,345,882	12.74
shoe manufacturer & retailer			
*Morse Shoe, Inc.	70,000	2,368,450	22.43
shoe manufacturer & retailer			
*G.C. Murphy Company	30,000	833,070	7.89
variety store chain			
*Zayre Corp.	75,000	3,184,725	30.15
apparel & discount store chain			
		<u>7,732,127</u>	<u>73.21</u>
SAVINGS AND LOAN (4.66%)			
*Belmont Savings and Loan Association	20,984	724,158	6.86
California savings & loan			
*Financial Corporation of Santa Barbara	29,295	760,176	7.20
California savings & loan			
*Great Western Financial Corporation	15,000	400,365	3.79
California savings & loan			
*Hawthorne Financial Corporation	39,900	559,358	5.30
California savings & loan			
*Imperial Corporation of America	25,000	384,175	3.64
savings & loan in California & Texas			
*L.F.C. Financial Corporation	77,950	1,090,133	10.32
California savings & loan			
*Pacific Savings & Loan Association	46,050	1,005,640	9.52
California savings & loan			
		<u>4,924,005</u>	<u>46.63</u>
Preferred Stocks (5.77%)			
*Amerada — Hess Corporation			
\$3.50 Cum. Conv.	22,600	2,071,674	19.62
integrated oil company			
*Atlantic Richfield			
\$3.00 Cum. Conv.	3,000	548,385	5.19
integrated company with large Alaskan exposure			
*Cole National Corporation			
\$0.45 Series "A" Conv.	9,728	272,763	2.58
eyeglass & consumer goods retailer			
*Mesa Petroleum Company			
\$2.20 Cum. Conv. Sr.	14,000	943,628	8.93
small company with uncommitted gas reserves			
*Occidental Petroleum Corporation			
\$4.00 Cum. Conv.	12,400	1,002,937	9.50
major oil producer			
*Zale Corporation			
Series "A" \$0.80 Conv.	30,300	1,258,026	11.91
jewelry, shoe & discount store retailer			
		<u>6,097,413</u>	<u>57.73</u>
Bonds (0.89%)			
	Face Amount		
*A.M.K. Corporation			
5½% Conv. 2-1-94	475,000	375,226	3.55
diversified food products			
*Bannister Continental Corporation			
6½% Conv. 4-1-89	500,000	560,785	5.31
pipeline contractor; computer leasing			
TOTAL BONDS		<u>936,011</u>	<u>8.86</u>
TOTAL INVESTMENTS		89,960,617	851.80
CASH AND OTHER ASSETS (NET) (14.82%)		<u>15,652,245</u>	<u>148.20</u>
TOTAL NET ASSETS		<u>\$105,612,862</u>	<u>\$1,000.00</u>

*The Market Values of United States and other Foreign Investments were converted at the exchange rate as at September 30, 1969.

The four cornerstones of sound personal money management

The Investors Group believes that a well-balanced investment program should consist of these Four Cornerstones for sound personal money management:

1. A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

2. ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.

3. GUARANTEED DOLLARS

Provided by Investors Syndicate's guaranteed Installment or Single Payment Annuity Certificates to produce a specific amount of money in a stated number of years.

4. GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the North American economy, the mutual funds provide an excellent hedge against inflation.

THE *Investors* GROUP

The Investors Group, through its subsidiaries and affiliates listed below, offers a complete range of savings and investment management services for individuals and groups. With assets of over \$1.6 billion under its administration Investors is the largest company of its kind in Canada.

INVESTORS SYNDICATE LIMITED

Distributor of the shares of Investors mutual funds and of guaranteed investment certificates, which provide for the accumulation of a specific sum of money over a stated period of time. The certificates may be purchased either by a single lump-sum investment or a series of payments over a period of years.

INVESTORS GROUP TRUST CO. LTD.

Provides all necessary services for the efficient administration and management of individual and group trustee pension plans, including consultation and government registration. Investors Pension Plans are available throughout Canada from Investors Syndicate representatives.

INVESTORS MUTUAL OF CANADA LTD.

Canada's largest mutual fund, Investors Mutual objectives stress income, protection of invested capital and long-term capital growth. Being a "balanced" fund, it maintains a portfolio of securities consisting of common and preferred stocks and bonds.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund whose principal objective is long-term growth of invested capital, its portfolio emphasizes high-quality common stocks.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the Canadian investing public the opportunity to share in the long-term growth potential of the international investment scene. Emphasis is on common stocks.

